

REPORT OF THE GENERAL EDUCATION FUND TASK FORCE

May 6, 2004

In January 2004, President Skorton established this Task Force and instructed it to prepare a report recommending not less than \$12 million in recurring General Education Fund spending reductions.¹ President Skorton appointed the then-current leadership of the Faculty Senate, Staff Council and Student Government to the Task Force. In addition, he appointed to the Task Force a number of additional faculty, each of whom currently serves in a campus leadership position or has so served in the past. Nine out of the eleven colleges are represented on the Task Force. Members of the Task Force have served as officers of student, staff and faculty governance bodies as well as in departmental, collegiate and central administrative positions.²

This report contains the Task Force's recommendations. As requested, we offer recommendations that are "focused and guided strategically" and that are designed to "protect the more central University curricular functions." We acknowledge that we are making a number of recommendations that may lead to a decline in quality in some University programs and even to a complete loss of other activities and programs. The plain fact is, however, that the University's financial circumstances are such that it cannot continue doing all that it does without change and still maintain broad-based access to its educational programs and excellence in its central activities. To the contrary, if we continue to combine rapid tuition increases with yearly across-the-board budget reductions to the core academic units, then the University will decline in academic quality even as it becomes more expensive for students to attend. Our recommendations are therefore intended to achieve a \$12 million reduction in spending with minimal damage to the core academic missions of the institution, even though that means that programs and activities that are less central to the University must absorb large budget reductions.

¹ The charge to the Task Force is set out in Appendix A. The Task Force charge was based, in part, on the priorities contained in a December 2003 Board of Regents' resolution. *See* Appendix C.

² The membership of the Task Force is set out in Appendix B.

There are three parts to the report. Part I briefly describes the process we followed in completing our work. Part II contains a description of the General Education Fund. We were asked to recommend reductions in *General Education Fund* spending. Our description of the General Education Fund is designed to assist those who are unfamiliar with the University's budget in understanding the context for our recommendations. Finally, our recommendations themselves are set forth in Part III of the report.

Part I – The Process

The Task Force began its work by gathering information about the budget and soliciting input from relevant constituencies. A December resolution of the Board of Regents had directed the University to consider reducing GEF support for various off-campus and outreach activities,³ and we determined to examine those activities as instructed. In addition, we sought advice from the central administrative officers as well as from deans and other unit heads. We used email to solicit ideas from across campus, and we spent considerable time individually and as a group reviewing a complete list of university expenditures from the General Education Fund to understand how those monies are used by the University.

The Task Force made an early decision to exclude most collegiate programs from its consideration. We were cognizant of the President's directive that we should act in a manner that would help protect the more central University curricular functions (which are generally located and supported at the collegiate level) from the immediate budget difficulties, and we interpreted this to mean that we should consider curricular programs only in the extraordinary cases explicitly mentioned in the charge. This exclusion of collegiate programs from our review meant that our focus was confined to the 1/3 of the General Education Fund controlled and spent by non-collegiate units (2/3 of that Fund is spent at the collegiate level).⁴

Simultaneously with the development of a list of all non-curricular programs supported by the General Education Fund, the Task Force developed a list of principles for the evaluation

³ See Appendix C.

⁴ Our category II recommendations include a suggestion regarding future review of collegiate-level GEF expenditures.

of those programs. The principles, reproduced in Appendix D, begin with the criteria generally used by the University in the evaluation of programs for reduction or enhancement,⁵ and add criteria reflecting both the purpose of this effort (to help balance the GEF budget) and some overarching values shared by us as a group and, we believe, by most members of the University community.

Finally, the Task Force met on a weekly basis (sometimes more frequently) to discuss and share information about the various non-curricular programs and activities supported by the General Education Fund. We agreed to refrain from making any final decisions about recommendations until there had been an opportunity to consider as many programs as possible and to discuss all alternative means for reaching the \$12 million target established in our charge, and many hours were spent in broad-ranging discussion before any decisions were made. In addition, members of the Task Force worked between meetings (as individuals and on sub-committees) to gather information and generate additional proposals for Task Force consideration. One-on-one meetings were held by Task Force members with many of the individuals directly responsible for the operation of the programs under consideration, and we sought public input both early in the process (as ideas were being formulated) and late in the process (as the Task Force worked to synthesize all that it had learned into coherent and sensible recommendations).

In Part III of this report we outline recommendations that we believe are consistent with the principles we established and reflect an informed judgment about how best to achieve \$12 million in spending reductions while maintaining quality in the University's core educational and research activities. It is important to note, however, that while our principles guided our judgment, they could not by themselves determine outcomes. We were forced by our charge to make choices that required us to recommend the elimination or reduction of GEF spending on certain activities that we all recognize to be of high value and great importance to the University. Moreover, compromises had to be made in the face of a variety of conflicting considerations. No single recommendation is perfectly congruent with every principle we enunciate in Appendix D.

⁵ See University of Iowa, *Criteria for Reductions and Enhancements*, available on the web at <www.uiowa.edu/~cqi/criteria.htm>.

Yet we each believe firmly that our charge could not have been completed had we refused to make these very difficult decisions.

Part II. Background on the General Education Fund

We have discovered in the process of our work that people frequently do not understand the General Education Fund or its relationship to the entire University budget. Hence, we begin with a brief overview of the General Education Fund and how it is used.

A. What revenue becomes part of the General Education Fund?

The “General Education Fund” (GEF) is a pool of money created by combining three sources of University revenue. Historically, the most important source of revenue in the GEF has been the state appropriation to the University. The second most important revenue stream is tuition paid to the University by its students. Together, the state appropriation and tuition account for more than 90% of the General Education Fund. A third important source of GEF revenue is payment received from external sources for “Facilities and Administrative costs” (F&A costs). These payments are intended to reimburse the University for costs it incurs to support externally-funded research and other grant-supported activity.⁶ Well over 99% of the money in the General Education Fund is generated from the three sources mentioned above: the

⁶ For example, if a faculty member receives a grant from the federal government, the grant will pay many of the direct costs of the research or other funded activity. The grant might pay directly for part of the faculty member’s salary, for the salary of research assistants, for new equipment, or for necessary supplies. But in many cases the grant will not directly pay such expenses as the cost of the space the faculty member occupies, the basic equipment already in the faculty member’s laboratory, the operational expenses incurred to keep the building and space working (utilities, custodial services, maintenance), the expenses for maintaining the library or procuring library material used by the faculty member, or the administrative expenses associated with the grant (accounting services, paperwork, etc.) These uncovered costs, generally called “facilities and administrative costs,” are intended to be reimbursed, in part at least, by an additional payment that some granting agencies make to the University. That additional payment, called an F&A cost recovery or “indirect cost” recovery, usually becomes part of the General Education Fund because it is the General Education Fund that provides the facilities and administrative services that enable the research to be conducted at the University. In some cases, however, F&A cost recoveries do not become part of the General Education Fund but are given directly to the unit with responsibility for the funded activity.

state appropriation, tuition, and F&A cost recoveries.⁷

B. How is the General Education Fund used?

The General Education Fund is the primary source of funding to support the University's core academic missions. The General Education Fund pays the lion's share of faculty and staff salaries and benefits in units other than the University Hospitals and Clinics.⁸ It also provides critical operating support for colleges and academic departments. Among the expenses paid from the General Education Fund are:

- \$ Most faculty salaries
- \$ Most professional and merit staff salaries in units outside the hospital
- \$ Building maintenance costs, utilities, and equipment purchases (including faculty start-up expenses and classroom equipment)
- \$ Expenses incurred in serving prospective and enrolled students (e.g. admissions, financial aid), in advising and supporting them throughout their educational careers, in graduating them, and in serving them as alumni
- \$ Expenses incurred in providing recreational activities on campus
- \$ Expenses incurred in offering cultural and artistic experiences to students and others in the community and state
- \$ Expenses incurred to offer services to non-student audiences and constituents
- \$ Administration, oversight and accounting for all University activities
- \$ Classroom and campus-wide information technology services; email; computers
- \$ University publications

⁷ A very small amount of GEF revenue is derived from a number of other sources, none of which is capable of generating substantial revenues.

⁸ UIHC generates a large amount of revenue in the form of fees received for services provided to patients. Those patient fees are controlled by UIHC and are used to support the healthcare operation at the University. They do not become a part of the General Education Fund. Furthermore, the General Education Fund does not support any of the healthcare operation. Carver College of Medicine faculty who work in the hospital while also providing teaching and research for CCOM are paid in part from hospital revenues and in part from the General Education Fund.

In short, the General Education Fund pays for most of the activities that most people think of as the core activities of the University. Without the General Education Fund, there would be no State University of Iowa.

C. What about revenue that is not part of the General Education Fund?

Certain operations of the University generate substantial revenue that does not become part of the General Education Fund. For example, hospital revenue is kept and distributed by the hospital; it does not become part of the General Education Fund. Similarly, revenues generated from Athletics Department activities are controlled and distributed by the Athletics Department.⁹ In addition, when a faculty or staff member receives an external grant to support research or other activities, much of that grant is earmarked for the specified activity and does not become part of the General Education Fund.¹⁰ These non-GEF revenues are not generally available for spending on basic educational activities and programs either because they legally cannot be used in that way (e.g. grants or hospital patient revenue) or because the University uses them to maintain the program that generates them (e.g. athletics revenue).

The University also receives support from private donors. As a general proposition, private contributors to the University provide money that is earmarked for specific purposes (e.g. new buildings or student financial aid). Private donations are rarely available to support the basic operating expenses of the University, although University officials frequently work hard to encourage private endowments to support particular University programs or activities. The

⁹ Although Athletics Department revenues do not go directly into the GEF, a substantial amount of those revenues are paid to GEF units for various reasons, including payments to cover athletics scholarships, to maintain facilities used by the Athletics Department, and to assist in covering expenses associated with Marching Band travel and performance.

¹⁰ In many cases, however, a large part of the grant is designated to cover the “indirect costs” of the University (the hidden costs that the University incurs to support research including providing space for research laboratories, supplying utility service, maintaining staff and computer systems for grant accounting, etc.). Those indirect cost payments usually go directly into the General Education Fund, as the hidden costs that support research are usually paid out of the General Education Fund.

bottom line is, however, that private gifts are usually designated gifts made by donors for a particular purpose, and the University cannot transfer those funds to cover shortfalls in the General Education Fund.

Finally, people are sometimes confused about the relationship between the General Education Fund and monies that are made available for the construction of new buildings. Money for the construction of new buildings can come from donations, from special state appropriations or from long-term borrowing by the University. Construction funding can't be used to pay the general operating expenses of the University, and spending on capital projects is not freely interchangeable with GEF spending.

D. What has happened to the General Education Fund over the past few years?

Over the past five years, the composition of the General Education Fund has changed dramatically. In fiscal year 2000, state appropriations accounted for 62% of the GEF, tuition provided 30% of the Fund, and F&A cost recoveries provided most of the remaining 8%. In fiscal year 2004, state appropriations were down to 48% of the GEF, tuition accounted for 43% and F&A cost recoveries amounted to 9% of the Fund. However, despite a significant decline in state financial support for the University,¹¹ the General Education Fund has actually risen since 2000, thanks to large increases in tuition and more modest increases in F&A cost recoveries.¹²

Unfortunately, the rise in the total size of the General Education Fund has not been sufficient to maintain a balanced budget without reductions in the level of University activities. Why not? Simply because GEF costs have risen substantially faster than revenues, driven largely by increases in costs over which the University has limited control.¹³ Many of these

¹¹ The state appropriation to the University fell steadily from 2000 to 2004 and by 2004 it was \$27 million less on an annual basis than in FY 2000.

¹² Neither tuition increases nor F&A cost recoveries are completely available to cover GEF expenses. A significant portion of tuition is set aside for student financial aid. Similarly, some F&A cost recoveries go directly to the units where the funded activity takes place and are not available to cover general GEF expenses.

¹³ University budget officials estimate that the accumulated increase in GEF revenue from 2000-2004 was \$55 million (only a portion of which was available to cover increased

costs are employment-related (e.g. increased benefits expenses due to rising healthcare costs; higher salaries and wages). Others are basic operational costs (for supplies, equipment or energy).¹⁴

As a result of the imbalance between GEF revenue increases and increases in expenses paid from the GEF, the University simply has no choice but to reduce the activities in which it is engaged. If the costs of all activities rise faster than revenues, then spending on certain activities must be reduced or given up in order to allow others to continue. Consequently, the University has absorbed expenditure reductions of almost \$43 million over the past four years. Actually, it would be more accurate to say that the University has incurred mandatory budget “reallocations” of \$43 million. Because the GEF was not large enough to cover all the increased expenses, the University was forced to stop doing some things in order to pay the increased expenses in other areas.

Over the past several years, central administration has handled these budget problems by calculating how much it would cost to run the University if all increased costs were met, then mandating general across-the-board reductions so that budgeted expenditures would reflect the “real money available.” That approach meant that each unit was given less money than necessary to maintain its operations. Each unit was told to manage the budget shortfall in its own way (subject to certain parameters established by central administration). Actions taken across campus to reduce expenditures included reducing service levels (e.g. less custodial maintenance), lengthening equipment replacement cycles, switching to electronic rather than paper delivery of forms, and leaving faculty, staff and administrative vacancies unfilled. Such small actions, however, have not been nearly enough. Many departments have had to reduce staff, leave faculty positions vacant, hire fewer teaching assistants and take other steps with a direct impact on educational quality.

There is growing evidence that the imposition of across-the-board cuts has gone as far as

expenses), while non-discretionary costs increased by \$90 million over the same period.

¹⁴ Even basic services such as custodial maintenance have become significantly more expensive in the past few years. The cost of basic custodial service has risen by 28% (on a per square foot basis) since FY 2000, despite efforts to keep expenses down by reducing employment and increasing the responsibilities of each custodian.

it can without seriously undermining the overall quality of the University. For example, in 2002-03, the College of Liberal Arts and Sciences (CLAS) had nearly 2000 more undergraduate students than it had less than a decade ago, yet it had 55 fewer faculty and 700 fewer graduate students to teach and advise those undergraduates, largely as a result of local efforts to deal with CLAS's share of across-the-board budget reductions. Further across-the-board reductions will mean an increasingly poor ratio of faculty to students in CLAS and elsewhere. Similarly, the budget difficulties have meant that the University has lost ground with respect to its ability to recruit and retain a high-quality faculty and staff. While the University remains an attractive employer for many workers, its attractiveness for faculty and staff who have job options out-of-state is steadily eroding. These are, in most cases, the very employees who are critical to the quality of the University. It is these highly-trained and successful faculty and staff who provide the teaching, mentoring and intellectual vitality that attract students to the institution, who have the medical skills necessary for the operation of the UI Health Care, and who provide the research expertise that draws hundreds of millions of dollars in federal grants into the state every year. Yet the pay packages offered to faculty at the University have not kept up with the rate of inflation or with competitive offers elsewhere. If the University continues to lose its ability to attract and retain top people, it will lose its reputation and its ability to attract resources into the state.

The legislature has maintained the University's state appropriation without reduction in FY 2005. While this is a welcome development, the University is nevertheless faced again with the prospect that increases in GEF revenues from tuition and indirect costs will not be sufficient to cover increasing GEF costs imposed by rising personnel costs, energy cost increases, the need to compete for top faculty and staff, and other factors. This means that GEF support for some activities will again need to be reduced or eliminated in order that other activities can continue to be fully supported.

This Task Force was created in part because the Board of Regents and the University Administration have determined that targeted budget reductions must occur to reduce the size and impact of across-the-board cuts on the central teaching and research missions of the University. We must reduce GEF support for less central missions of the University in order to minimize the impact of spending reductions on more central missions. In addition, we need to

find ways to free up money so that we can not only meet our rising costs, but also reinvest strategically. Finally, where it is possible, we must identify alternative revenue options (and encourage people to pursue those options) and new ways to reduce expenditures without undermining quality. It is with these goals in mind that the Task Force set about its work.

III. The Recommendations

The remainder of this report sets out our recommendations. The recommendations are divided into three categories. First, we set out those recommendations that we believe are consistent with the principles we have established and that, if implemented, would yield predictable, recurring savings over the coming years. Second, we present some recommendations that have the potential to yield substantial savings, but with less certainty because additional analysis is necessary. Third, we list some actions that could be taken to reduce GEF budget expenditures but that failed to attract the support of a majority of the Task Force members or that were regarded by many of us as steps to be taken only in the event that sufficient savings could not be generated from implementing our other recommendations.

A. Category I Recommendations

Total: \$ 12,470,867

1. Savings from organizational and policy changes: \$ 1,265,000

We recommend a number of policy and organizational changes that we believe could achieve significant savings without diminishing the University's ability to achieve its core objectives. Although some of these changes will create inconveniences for employees and administrators alike, these changes are not likely to reduce the ability of the University to fulfill its core missions. We are also convinced that these changes can be structured in such a way that they do not cause undue hardship to particular persons or programs.

Reduce maximum future vacation accruals to the annual accrual rate of 192 hours plus sick leave to vacation conversion as permitted

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| by Iowa Code (up to an additional 96 hours) | \$ 250,000 ¹⁵ |
| Vest employer contributions to TIAA-CREF after 3 years of employment rather than immediately: | \$ 360,000 ¹⁶ |
| Add qualifying Organizational Effectiveness expenses to fringe pool | \$ 280,000 ¹⁷ |

¹⁵ Current policy allows accruals of 400 hours. Employees who have currently accrued more unused vacation time than the new proposed maximum should be allowed to retain all accrued hours. The proposal calculates savings on the assumption that currently-accrued hours above the maximum will be retained by employees and will remain in place until used by the employee. The new maximum is for future accrual of vacation time. In addition, the University should implement any change in a way that is sensitive to the needs of families who are taking leaves pursuant to the provisions of the federal Family Medical Leave Act. This new policy will create savings when employees leave the University to retire or for other reasons. Current policy is to pay the unused leave time after the termination date. Lower accruals will mean lower payments.

¹⁶ Under this proposal, the University will continue to make contributions to every new employee's TIAA-CREF retirement plan, but the University's contributions will revert to the University if the employee leaves the University before the completion of three years of service. The employee's own TIAA-CREF contributions would, of course, vest immediately and remain with the employee regardless of the length of service. Special arrangements would need to be made for visiting faculty and lateral hires at senior levels who are already in the TIAA-CREF system.

¹⁷ Currently, many of the expenses of the University's Worklife programs are paid entirely from the General Education Fund, even though those programs are intended to, and do, benefit employees across campus, including employees paid from sources other than the GEF. The GEF, in effect, subsidizes services for these non-GEF employees. Shifting funding for these expenses to the fringe pool reflects the actual use of these programs, reduces the GEF contribution, and permits recovery of some of these expenses from external grant funding.

Change employee flex credit allocation policy for spouses or domestic partners when both are employed by the University so that only one spouse/partner receives the additional flex credits available for married/partnered employees \$ 175,000¹⁸

Consolidate Opportunity at Iowa and Special Support Services with correlative offices (Admissions, Financial Aid, Undergraduate Advising) \$ 200,000¹⁹

2. Savings from reduction in GEF spending on on-campus “infrastructure” facilities and services: \$ 3,902,369

To meet its \$12 million target, the Task Force was required to consider, and ultimately

¹⁸ Currently, if both partners or spouses work for the University, each receives the additional flex credits. We recommend that only one partner or spouse receive the additional credits.

¹⁹ The Admissions Office, Special Support Services and Opportunity at Iowa all provide activities related to the preparation, recruitment and admission of students. Special Support Services and Opportunity at Iowa have a specific focus on first generation college students and historically under-represented minority students. Similarly, financial aid is offered to students through two or more offices, and academic support is provided to undergraduate students through Undergraduate Academic Advising, Special Support Services and, sometimes, Opportunity at Iowa. Recent reviews of various offices on campus suggest that this division of responsibility has not been as effective as it might be. Students are sometimes confused about where to seek help. The assistance provided in different offices varies considerably in quality. We believe that both financial savings and improved service could be achieved from consolidation. In particular, the recruitment and admissions, academic support and financial aid services provided by Special Support Services and Opportunity at Iowa should be consolidated with Admissions, Financial Aid and Undergraduate Academic Advising, respectively. These various offices have a combined budget of \$8,771,317, not including amounts spent directly on student financial aid. A savings of \$200,000 from consolidation seems achievable and reasonable.

It is important to note that we envision that the mandates and objectives currently pursued by Special Support Services and Opportunity at Iowa will be fully adopted as important goals of the Admissions, Financial Aid and Undergraduate Academic Advising offices, respectively. We expect those offices will maintain and improve the level of service currently provided to prospective students from economically-disadvantaged circumstances and under-represented populations, as well as to matriculating first-generation college students and students from under-represented populations. Indeed, we believe that consolidation can lead to improved service levels, higher admission rates for non-traditional students, and better retention of all students, even as costs are reduced.

recommend, some serious reductions in GEF support for a wide variety of University activities that are undeniably important to our University community and to the people of the State of Iowa. Before making cuts in those activities, we believe the University must undertake to trim basic infrastructure costs, even if that trimming results in significant inconvenience.

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| Reduce utility usage by aggressive demand side management including, if necessary, mandatory curbs on usage: | \$1,500,000 ²⁰ |
| Reduce expenditures on information technology hardware and software | \$ 750,000 ²¹ |
| Eliminate direct GEF subsidy of the Audio-Visual Center | \$ 609,299 ²² |

²⁰ Iowa State reduced its utility expenditures by \$1.5 million in a single year by adopting an aggressive policy aimed at the reduction of energy demand. We recommend that the University of Iowa seek to achieve the same kind of reduction over a three-year period. (We do not recommend a shorter period because usage and expense are dependent in part on uncontrollable factors such as weather and the cost of fuels.) Moreover, the University has already undertaken significant efforts to reduce the cost of supplying energy to the campus. The Iowa State plan, which focused considerable attention on promoting conservation by energy users, is worth emulating. We note, also, that the public input we received suggested a strong commitment by individuals on campus to support a rigorous and vigorous effort to reduce energy use.

²¹ University-wide expenditures on information technology services (which includes everything from telephone service to student computer centers to desktop computers for staff to email servers to mainframe computers) exceed \$50 million. We recommend a \$750,000 reduction in these expenditures. The decision how to accomplish the savings should be made by the Provost, in consultation with the Deans and the University CIO. One possible source of savings would be the elimination of one of the two on-line course management programs currently supported by ITS (a potential savings of approximately \$200,000). While this would create inconvenience for some faculty and students, it would not prevent effective instruction or on-line course management. Another possibility is to further lengthen technology upgrade schedules (except for faculty or staff newly appointed to a unit).

²² The Audio-Visual Center provides A-V services to other UI units. Because the A-V Center receives a substantial GEF subsidy, it is able to provide services without charging their full cost to the recipient. We believe that the direct subsidy should be phased out. A subsidy may encourage more use of the service than units would demand if they bore the full cost internally. It may also prevent units from seeking similar services from outside vendors, even if outside vendors can provide the services more economically than can the University. At the same time, we recommend the creation of a temporary fund to subsidize continuing purchases from A-V Center by units that currently use the Center but could not afford to do so without a subsidy.

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| Eliminate direct GEF subsidy of the Video Center | \$ 265,547 ²³ |
| Eliminate direct GEF subsidy of the Center for Conferences and Institutes | \$ 155,189 ²⁴ |
| Eliminate direct GEF subsidy of Printing Department | \$ 97,824 ²⁵ |
| Eliminate direct GEF subsidy of the UI Research Foundation | \$ 203,855 ²⁶ |

This and similar recommendations involve the elimination of subsidies from the General Education Fund to certain service units. We make this recommendation with the expectation that units using certain services will henceforth be required to pay full cost. To some, this will appear as a “cost shift,” and it is. Nevertheless, such “cost shifts” should result in an overall savings for two reasons. First, user units will be forced to pay for these services out of their existing budgets. They will have to give something up to secure the service. Second, some users may decide not to purchase the service from the central unit because they are unwilling to pay the full cost or they can secure the same service more cheaply elsewhere. In essence, we are simply recommending that these units be operated on an “enterprise” basis (as are other services around campus) and charge their services to the units that use them at a price that does not require the entire campus to subsidize them through a separate GEF allocation. If a subsidy is appropriate, it should be specifically targeted to those units needing it rather than broadly and imprecisely used to support the service units.

²³ Like the Audio-Visual Center, the Video Center provides services to the broader University community at relatively inexpensive rates. It is able to do this because of the GEF subsidy. We recommend that the subsidy be eliminated and the Video Center be required to charge full cost for its services to user units, under the principles outlined in the previous footnote.

²⁴ The Center for Conferences and Institutes assists University units in hosting conferences and continuing education activities on campus. The GEF subsidy for the Center should be eliminated, and the full cost of its services should be borne by the user units.

²⁵ This GEF subsidy supports Printing Department activities relating to outsourcing of print jobs that the Printing Department either cannot perform or that it chooses not to perform. Approximately 900 jobs are outsourced each year. The Printing Department provides a significant level of service to ensure that outsourcing is done effectively and at the lowest possible cost for the user. Users should fully bear the costs of these services.

We also recommend that the University consider permitting University units to secure printing services directly from outside vendors if those services are more cheaply available from externally. Allowing users to choose the source of printing services might encourage both the Printing Department and user departments to ensure that the services are provided and procured as efficiently as possible. While there may be sound reasons to require general use of in-house services, it seems appropriate to consider the possibility of a different policy.

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| Eliminate GEF spending on water for water coolers | \$ 20,655 ²⁷ |
| Reduce custodial service levels | \$ 300,000 ²⁸ |

3. Savings from reduction in GEF support to off-campus centers, outreach services, and non-curricular campus-based programs and activities: \$ 4,250,526

Our charge directed us to consider “off-campus centers and outreach services” that generate revenues less than the cost of providing the service. It also directed our attention to “non-curricular campus-based programs and activities that mainly service constituents other than enrolled students.”²⁹

For us, these were the most difficult areas in which to consider cuts because spending reductions in these areas invariably have the potential for reducing or eliminating University activities that are highly valued on campus and across the state. Thus, our examination of these activities involved a careful consideration of a number of factors, including the relation of each activity to the core research and teaching mission of the University, the possibility that the activity could be supported by means other than a direct allocation from the General Education Fund, and the propriety of supporting the activity from the General Education Fund at a time of dramatic decline in the University’s state appropriation and dramatic increase in the contribution

²⁶ This subsidy supports operations of the UI Research Foundation aimed at patenting and commercializing ideas generated at the University. The Foundation should pay these expenses out of earnings before profits are returned to the relevant actors in the University. This ensures that the expense of the operation is borne by those who primarily benefit from it.

²⁷ We have learned that some units spend GEF funding on bottled water services. The University provides drinking water to all units free of charge. GEF expenditures on bottled water for water coolers should be eliminated.

²⁸ A small decrease in the budget for custodial services can be accomplished by not filling vacated positions. But it is critical to recognize that this recommendation will result in a decline in custodial service levels. Over the past several years, each custodial employee has been asked to cover increasing amounts of space without decreasing the service provided. Thus, our recommendation is made with full acknowledgment that a further reduction in custodial expenses may lead to service reductions in certain areas.

²⁹ These directives from President Skorton mirrored the language of a Board of Regents resolution that directed the university presidents to consider budget reductions in these areas.

made by student tuition to the General Education Fund.³⁰ We are acutely aware that our recommendations will please no one.

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| Reduce GEF subsidy of alumni relations activities | \$ 133,000 ³¹ |
| Reduce GEF subsidy of the Art Museum | \$ 100,000 ³² |
| Reduce GEF subsidy of the Athletics Department | \$ 1,800,000 ³³ |

Thus, the Task Force took a careful look at a number of activities meeting this description.

³⁰ Reductions in spending from the General Education Fund, to the extent reductions are necessary, should be made in a way that results in as little impact as possible on the education of current students, who are being asked to pay ever-increasing amounts of tuition into the General Education Fund.

³¹ The budgeted FY 04 subsidy for Alumni Relations was \$528,319. A portion of this subsidy supports the staff who maintain the University's alumni records. An additional amount is provided to the Alumni Association pursuant to a Memorandum of Agreement with the University under which the Association provides various alumni services to the University. In addition to the support it receives from the General Education Fund, the Alumni Association generates a substantial amount of its own revenue, part of which it donates to the University or spends on University-related activities. The Task Force believes that a strong and vibrant Alumni Association is important for the University. For that reason, it supports the continuation of some GEF subsidization of this operation. At the same time, the critical factor in building strong alumni ties is the University's ability to provide students with a good experience, both inside and outside the classroom. We believe some reduction in GEF subsidization of external activities, including alumni relations, is necessary to continue to maintain educational quality.

³² The recommended \$100,000 reduction in the GEF subsidy for the Art Museum is slightly less than 10% of its total budget (including both GEF and non-GEF revenue). We do not recommend a larger reduction in its budget primarily because the Art Museum plays an important role in the educational mission of the University. *See* Appendix E. We would encourage the University to support to the fullest extent possible any effort by Museum staff to replace lost GEF funding through fundraising and grants.

³³ The GEF subsidy for intercollegiate athletics in FY 2003 was \$2,437,361, which was more than a \$1 million increase since FY '99. At a time when academic units are cutting staff and increasing class sizes, and in light of the other recommendations we are making in this report, it seems to the Task Force that a decrease in the General Education Fund subsidy for Athletics is appropriate. Moreover, the Task Force notes that the proposed reduction in the GEF subsidy amounts to less than 5% of a total Athletics Department budget that exceeds \$42 million and is growing. We do recognize, at the same time, that the University's athletic programs are important to the University and to many of its students, alumni and friends. We realize, as well, that the costs of athletic programs are rising, just as the costs of other University activities are increasing, and that this reduction will contribute to the difficulties the Athletics Department

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| Eliminate GEF subsidy of Corporate Partnerships Office | \$ 211,982 | ³⁴ |
| Reduce GEF subsidy for Hancher Auditorium | \$ 200,000 | ³⁵ |
| Eliminate GEF subsidy of Institute of Public Affairs | \$ 174,793 | ³⁶ |

faces in managing those increased costs. Nonetheless, given the capacity of athletics to raise funds of its own and given the serious problems faced by the educational programs of the University that depend entirely on the state appropriation, tuition and research money that comprises the General Education Fund, it seems proper to reduce significantly the amount of that money that is dedicated to non-academic activities, including but not limited to intercollegiate athletics. As noted, however, the proposed reduction is less than 5% of a rising budget. In light of that fact, we hope that reductions will not be made on the assumption that it is necessary to eliminate minor sports. Other alternatives should be fully explored, including active participation by the University President and the Athletic Director in the national movement to bring spending on intercollegiate athletics under control.

³⁴ The Office of Corporate Partnerships has an outreach mission aimed at promoting good relationships and research or educational alliances between the University and industrial, educational, State and community partners. University relationships with the broader community in the state are important, but we are not convinced that substantial subsidization of generalized outreach efforts of this sort is an appropriate use of GEF funding at a time when educational and research programs are losing ground. In many cases, we believe, alliances between business and the University emerge on their own as a result of synergies and shared interests between University researchers and the broader community. Consequently, we recommend the elimination of GEF subsidization for this office.

³⁵ We recommend a significant reduction in the GEF subsidy for Hancher Auditorium. We wish to stress, however, that we recognize that Hancher is an invaluable University resource. Hancher is a centerpiece of community cultural and artistic life; performers who visit Hancher also interact with our students inside and outside the classroom; having a performing arts venue of Hancher's stature is important to our ability to attract and retain faculty and staff. *See* Appendix E. Even with the reduction we recommend, the University subsidy for this important resource will be substantial, and appropriately so. Moreover, in addition to the direct GEF subsidy it receives, Hancher has the ability to generate additional revenues from various sources (\$2.5 million in FY 2003). At a time when so many vital University activities are facing significant budget reductions, the Task Force believes that a reduction in Hancher's allocation is appropriate. We would stress, moreover, that this should be a real reduction in GEF support, not an occasion for cost-shifting. Hancher should not attempt to recover this reduction by increasing charges to other University units. The auditorium over which the Hancher staff is given stewardship ought to be shared with other University entities at prices that reflect only the extra costs imposed by their use of the facilities, not at prices designed to recover a budget reduction. We hope that Hancher staff will work to manage the recommended reduction by judicious management of the Hancher schedule. In addition, we would encourage the University to support increased efforts to secure significant gifts and donations to Hancher Auditorium with the goal of enabling Hancher to work toward greater self-sufficiency.

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| Eliminate GEF subsidy of the Labor Center | \$ 295,330 ³⁷ |
| Eliminate GEF subsidy of Lakeside Laboratory | \$ 175,821 ³⁸ |
| Eliminate GEF subsidy of Old Capitol Museum | \$ 115,156 ³⁹ |
| Eliminate GEF subsidy of Natural History Museum | \$ 118,472 ⁴⁰ |

³⁶ The Institute of Public Affairs and the Labor Center each provide training and educational services to various groups across the state. There is only a limited connection between the services these organizations provide and the core educational and research missions of the University. In addition, the individuals served by these organizations are mostly non-students. While these organizations provide important service to their constituents, we believe those services should be fully supported by fees paid by the recipients of those services. Thus, the Task Force recommends that the GEF subsidy for these organizations should be eliminated over a 1-3 year period. This recommendation is consistent with the direction the University received from the Regents to consider the elimination of GEF funding particularly for activities that primarily serve constituents other than students.

³⁷ See explanation in footnote 36.

³⁸ In their resolution of December 2003, the Regents directed the University to evaluate the wisdom of continued GEF subsidization of Lakeside Laboratory. See Appendix C. Lakeside Laboratory is used for some educational and research activities, and has been kept up and maintained in part through private donations. However, only a handful of UI students study there each year, and, so far as we can determine, no UI faculty have significant research programs that depend on use of this facility. The subsidy paid to support the facility significantly exceeds the tuition revenue or research support associated with activities that occur there. The Task Force recommends that the University withdraw from participation and subsidization of this facility.

³⁹ Although faculty and student groups sometimes use it for meetings and events, the Old Capitol Museum has little or no connection with the core educational and research missions of the University. The Task Force recommends that the Museum no longer receive subsidization from the General Educational Fund. Nonetheless, the Old Capitol itself is of substantial historical significance, and the museum is a valuable resource for visitors. We hope that the State Historical Society or a similar group will work to keep it open.

⁴⁰ The Natural History Museum has not had a strong connection with the educational or research missions of the University for some time. While we commend the current efforts to revitalize it, we nonetheless recommend the elimination of the GEF subsidy. Absent clear evidence that the Museum can and will play a greater role in the cultural or educational life of the institution, the Task Force members believe that both the money devoted to the Museum and the space that it occupies could be put to better educational uses. We note, however, that there may be some synergies to be achieved between the Museum and the Office of the State Archaeologist.

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| Reduce GEF subsidy of University Relations publications | \$ 100,000 ⁴¹ |
| Reduce GEF subsidy of Office of the State Archaeologist | \$ 175,972 ⁴² |
| Reduce GEF subsidy of UI Press | \$ 200,000 ⁴³ |
| Reduce GEF subsidy of WSUI/KSUI | \$ 450,000 ⁴⁴ |

⁴¹ Given the serious budget situation facing the University, the Task Force recommends a reduction in the number and expense of publications produced for both external and internal audiences. In particular, we suggest that the University consider eliminating the print version of FYI by publishing it entirely online. We recommend that other publications be eliminated to reach the recommended \$100,000 budget reduction, although we leave it to the University Relations Office to determine which publications are least critical to its mission.

⁴² The Office of the State Archaeologist provides archaeological services to the Iowa Department of Transportation and to others in the state. It has a stewardship/preservation mission and an educational mission. It engages in applied research and in regulatory work mandated by federal and state law. The applied research work of the office is entirely funded by grants and contracts. The Office has a close connection to the educational mission of the University – students work and serve internships there; office staff teach in the University’s Saturday and Evening programs and in the regular curriculum. Nonetheless, the Task Force believes that the GEF subsidy for this unit should be significantly reduced. The bulk of its budget is used to perform activities for external groups. While the University’s longstanding relationship with the Office and the services it performs to the University warrant some continued support, we recommend a 1/3 reduction in the GEF subsidy.

⁴³ University presses are vital outlets for the publication of faculty scholarship and the dissemination of knowledge and learning. Nonetheless, the model for the operation of university presses is changing. Presses increasingly are asked to carry their own weight or to specialize in a relatively narrow range of publication. Many universities are reducing their subsidies to their presses in favor of providing direct support (subventions) to young scholars to assist them in book publication. The Task Force believes that the University of Iowa can no longer afford a press of the current size. Nonetheless, we believe that a great University must have a press as part of its contribution to the scholarly enterprise. Consequently, we recommend a significant reduction (though not elimination) of the GEF subsidy to the University Press, recognizing that this will mean that the Press must reduce the number of titles it publishes each year and focus on those titles that are the gems of its collection.

⁴⁴ Public, non-commercial radio is a valuable service that this University has traditionally provided to the broader community. On the other hand, the connection of WSUI and KSUI to the main research and teaching activities of the University is mostly indirect. We believe that a substantial reduction in the GEF subsidy is appropriate given the need for large cuts in GEF expenditures. We hope that private fundraising and corporate sponsorship will fill the gap in funding. If that is not possible and the survival of the stations is threatened, we would recommend a plan aimed at consolidation with other public radio stations across the state in a

4. Miscellaneous reductions in GEF funding and/or shifts in funding mechanisms:

\$3,052,972

As state appropriations for the University have declined, students have been asked to pay ever-increasing tuition. At the same time, student demand for services has been going up. The University has slowly been moving toward paying for non-academic services through student fees and reserving tuition for academic services. Certain student service activities are still paid for out of GEF expenditures. As those activities expand, they draw money away from academic uses of the General Education Fund. The Task Force recommends that certain steps be taken to continue to move non-academic services away from GEF support. We also recommend that the financial aid set aside be returned to 16% of total tuition revenue.

fashion that maintains some of the unique local programming provided by these stations, including the music programming, which reinforces the mission of the School of Music by exposing students and others to the sources of the musical traditions of the world.

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| Reduce the nTITLE program funding | \$ 250,000 ⁴⁵ |
| Eliminate dual career network program | \$ 122,000 ⁴⁶ |
| Shift to fee-based funding of Recreation Services: | \$ 641,960 ⁴⁷ |
| Expand student health fee to cover all Student Health Service costs: | \$ 373,096 ⁴⁸ |
| Shift some University Counseling Service GEF funding to other sources (e.g. student fees, user fees or insurance recoveries): | \$ 200,000 ⁴⁹ |
| Shift child care subsidies from GEF to financial aid set-aside | \$ 263,400 ⁵⁰ |

⁴⁵ The New Technology in the Learning Environment (nTITLE) program is a successful program aimed at training faculty in the use of technology for classroom and on-line teaching. It supports a one-week intensive training program for faculty, and provides faculty attendees with funding to support their purchase of technology for classroom or research use. (The equipment purchased belongs to the University, but the faculty member is entitled to select equipment that relates to her teaching or research needs.) We recommend continuation of the program, but with a reduction of the amount provided to support technology purchases by participating faculty.

⁴⁶ Given the size of necessary GEF budget reductions, the Task Force believes that the Dual Career Network program as currently structured is an unwarrantable expenditure. At the same time, we recognize that successful recruitment of faculty and staff often depends on the discovery of employment opportunities for spouses and partners of the recruits. Even if significant financial support for these efforts must be eliminated, the efforts themselves must continue and increase.

⁴⁷ We recommend that GEF funding for Recreation Services be replaced with funding generated through student fees and user fees. We understand that work is proceeding to develop a funding plan that will permit both upgrading of recreational facilities and a shift of operational expenses to fees.

⁴⁸ It is important for the University to promote good health in the student body, and the student health fee is designed to fund such activities. We recommend that Student Health Services activities should be supported entirely from that fee. The GEF subsidy should be eliminated.

⁴⁹ The University Counseling Service budget is over \$1 million, entirely paid from the General Education Fund. Although there is no doubt that UCS provides important psychological counseling services to undergraduate and graduate students, we recommend a reduction in UCS's reliance on the General Education Fund through a shift of some of its funding to fees or other non-GEF sources (e.g. the services provided by UCS may in some cases be reimbursable by health insurance). We note also that UCS services may sometimes overlap with services available to its clients from other University departments (e.g. graduate student employees can secure similar services from Human Relations), and that may create opportunities for both offices to share or reduce reliance on the GEF.

⁵⁰ Human Resources currently subsidizes on-campus day care centers in order to assist needy students in securing affordable child care. It also provides direct support to some students. These subsidies are in the nature of financial aid and should be funded through financial aid funds.

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| Gradual return of financial aid set aside to historic 16% level, beginning in FY 2006 and phasing in over 4 years | \$ 800,000 ⁵¹ |
| Eliminate the GEF subsidy for NADS | \$ 402,516 ⁵² |

B. Category II Recommendations

The Task Force believes that there are some steps that could be taken to generate significant reductions in GEF expenditures, but which require further study and analysis. Consequently, we offer the following recommendations without viewing them as necessarily contributing in the near term to the \$12 million target we were asked to achieve and without complete confidence that these steps would necessarily yield significant cost-savings even in the long run. Nevertheless, we believe there is a high potential for significant savings from some of

⁵¹ In 2002, interim President Boyd committed the University to a one-time increase of \$800,000 in the financial aid set aside for the FY 2003-04 school year. That increase was intended to assist students in coping with the large tuition increase anticipated for that year. As matters developed, the amount actually set aside for financial aid exceeded the promised amount by \$1,000,000. Moreover, as a result of the capital campaign, significant additional private support for financial aid exists. We believe that the University's long-standing commitment of 16% of tuition to student financial aid is appropriate and should be used as the standard for future amounts set aside for financial aid. The one-time increase in 2003-04 should not become a permanent change by default. At the same time, we would recommend that this change occur through a reduction in the rate of growth of the set aside, rather than through a decline in the amount of financial aid provided to students.

⁵² The GEF provides a direct subsidy of over \$400,000 to the National Advance Driving Simulator. As a unique research facility with a national profile, NADS should be able to fully support itself in the relatively near-term through grants and associated F&A cost recoveries. We encourage the development of a three-year plan for NADS to become independent of direct GEF support. In the course of development of that plan, we recommend that a careful examination be made of the need for improved relationships between NADS and the faculty researchers on campus who are interested in simulation and human factors research. As is the case with staff at any research facility on campus, NADS staff must be diligent in forging supportive working relationships with faculty who may be interested in conducting research at the facility and who can attract appropriate grant funding.

these recommendations.

1. Retain independent firm with expertise to assess UI's existing health and medical program and costs in relation to best practices and contemporary benchmarks for peer institutions.⁵³
2. Consider consolidation of selected University-level IT functions and systems for all Regent's institutions. Examples include network management, email, spam/virus protection, financial management, course management, procurement, student information and human resources systems.
3. Review for possible redundancies in selected services between ITS and collegiate providers. Examples include email, virus/spam protection, web hosting, shared file storage and more. Solutions might include migration to purely local service as well as centralization. Establish a process that engages local and central IT units in a joint discussion about reducing IT costs with neutral decisionmaker.
4. Consider central action to limit growth in employment costs, such as:
 - a. A selective, specific early retirement plan in which early retirement is approved only when immediate and durable cost savings can be demonstrated;
 - b. A careful evaluation of the competitiveness of University salaries and benefits for various categories of employees should be undertaken. Some employees are hired in a national market, others in a local market. The University must evaluate whether and how to manage and distribute its employment expenditures so that it can maintain vitality and competitiveness in all segments of its workforce.
 - c. Careful consideration should be given to the possibility of some degree of centralized review of scrutiny of requests to fill vacant positions. While local managers are in the best position to assess unit hiring needs, central review of some portion of position vacancies may promote hiring decisions that better reflect the strategic priorities (and budget situation) of the University as a whole.
5. As noted earlier, the Task Force generally did not consider or evaluate possible budget reductions to programs and activities subsumed within collegiate units. Nonetheless, we believe that each College, with direction and input from the Provost and with participation from faculty, staff and students within the College, should be asked to prepare for the Provost recommendations for substantial GEF budget reductions at the collegiate level. Those recommendations should be based on principles parallel to those

⁵³ A short white paper on this topic was prepared by Task Force members and is available from Larry Prybil. (Strategies for Containing the Steep Increase in Health Care Costs, dated 03/23/04.)

we were given in our charge (supplemented, of course, by considerations unique to the College in question). Because so much of the total GEF budget is spent in the colleges, strategic reductions in GEF spending are not possible unless the University's strategic priorities are implemented within the colleges as well as outside them.

C. Category III Recommendations

We discussed two options to reduce expenses that the Task Force was not prepared to recommend at this time but that some members believed were worthy of consideration if other budget-reduction recommendations proved unattainable. In part, we were not prepared to recommend these steps because of individual differences about their desirability. Our individual differences on these matters reflect, we suspect, differences of opinion that would be found in the broader community.

1. A one-year salary freeze would save a large amount of money. Even if the freeze were limited to those whose pay is in the top 25%, the one-year savings would be \$2,000,000. Several members of the Task Force favored such an action. Others felt that a pay freeze would undermine morale and increase the damage already being suffered by the University as it loses top-ranked faculty and staff to institutions paying significantly higher compensation.

2. Furloughs. Substantial savings can be achieved through limited furloughs, although such furloughs are difficult to implement and, if applied across the board, may cause the University to lose some portion of external grant support. Even if applied only to GEF-funded employees, however, a furlough of a day or two could result in substantial savings. Many members of the Task Force felt that the difficulty of developing a fair and even-handed furlough policy warranted treating it as a last resort option for use only in cases of extreme financial exigency.

APPENDIX A – Task Force Charge

GENERAL EDUCATION FUND TASK FORCE

The University administration expects that substantial expenditure reductions from the FY04 base budget will be required to balance the FY05 General Education Fund budget, and that a substantial portion of the reductions must be focused and guided strategically. Accordingly, President Skorton has initiated a process for strategic budget reductions that will help solve the immediate budget difficulties, will help protect the more central University curricular functions, and could enable very selective growth to occur for the most critical academic initiatives.

This process will be coordinated by the VP group and the Deans, acting in concert. The VP Group and Deans acting together will develop an initial list of programs to be considered for possible reduction or elimination of General Education Fund financial support. Program funding actions could be accomplished immediately or on a phased basis if, for example, a phased reduction would permit identification of alternative funding (only in exceptional cases can the phasing extend past FY06).

A General Education Fund Task Force will be established to provide for additional, broad-ranging input into this process. The Task Force will evaluate the initial list of programs to be considered, propose other programs as it determines, and make recommendations for spending changes to the VP Group and Deans. The Task Force will comprise elected leadership from Faculty Senate, Staff Council and Student Government, as well as other prominent faculty and staff with relevant experience or expertise. The Provost, V. P. for Finance and Operations, and General Counsel will join the Task Force as ex officio members.

The Task Force will be charged generally to prepare a report by April 15, 2004, recommending not less than \$12 million in recurring General Education Fund spending reductions. In particular, the Task Force will be asked to:

- Use the “Criteria for Reductions and Enhancements” document in this process to the degree it is applicable. If other criteria are used, these should be identified and shared with the VP’s and Deans.
- Recommend by April 15, 2004, programs for reduction or elimination of General Education Fund support. These can include:
 - Off-campus centers and outreach services which generate revenues less than the cost of providing the service.
 - Non-curricular campus-based programs and activities that principally serve constituencies other than enrolled students.
 - Selected academic and student support programs, which may include unnecessary duplication and programs that serve small numbers of students

at a high cost per student.

- Recommend any other steps it can identify that might be taken to reduce costs or enhance revenues in connection with the operation of university programs supported in whole or in part by the General Education Fund.
- Offer suggestions to the UI Provost that it deems appropriate as part of an overall review led by the three Regent provosts on the question of achieving cost savings by reducing academic program duplication across Regent institutions.
- Collaborate with the University Administration in developing a report on the most critical areas for very selective reinvestment over the next five years.

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Communications with the Task Force will be through its chair or staff designated by the chair. Communication with the VP's and Deans will be through the Provost and VP for Finance and Operations, or staff they have designated. The University General Counsel will join the Provost and Vice President in working with the Deans and the Task Force.

APPENDIX B -- Task Force Members

Kitty Buckwalter, associate provost for health sciences, professor of nursing

Jonathan Carlson, professor of law

Greg Carmichael, professor of chemical and biochemical engineering

Raúl Curto, associate dean—College of Liberal Arts and Sciences

Madgetta Dungy, assistant dean—College of Medicine

Charlie Eastham, president of the Staff Council

Nate Green, president of the UI Student Senate

Beth Ingram, professor of economics

John Keller, dean of the Graduate College

Nick Klenske, graduate and professional student senate

Dee Morris, professor of English

Mike O'Hara, professor of psychology

Larry Prybil, associate dean—College of Public Health

Margaret Raymond, professor of law and president of the Faculty Senate

Cheryl Reardon, vice president of the Staff Council

Mike Shasby, professor of internal medicine

Katherine Tachau, professor of history and vice president of the Faculty Senate

John Westefeld, professor of psychological and quantitative foundations

Ex officio members:

Pat Cain, interim provost

Doug True, vice president for finance and operations

Mark Schantz, general counsel

Administrative liaison and special consultant:

David Dobbins, assistant vice president and chief information officer

APPENDIX C – Regents’ Resolution on Priorities for Budget Reductions

(Excerpted from the Board of Regents, State of Iowa General Docket item #4, December 12, 2003.)

The Board, exercising its governance authority:

Directs the university presidents to begin planning toward a potential significant FY 2005 state appropriations reduction and report how their universities would implement a potential reduction in state appropriations for FY 2005 consistent with the following priorities:

--Maintain quality in educational programs offered to enrolled students as the top priority even to the extent that enrollments must be reduced or otherwise managed to maintain that quality.

--Propose methods to achieve administrative efficiencies and other cost containment measures through enterprise-wide collaboration or the creation of enterprise-wide non-academic, administrative services.

--Propose the elimination of selected off-campus centers and outreach services where the revenues generated are less than the costs (such as extension activities, Small Business Development Centers, Lakeside Laboratory, the Des Moines Higher Education Center and other off campus educational and outreach centers).

--Propose removal of some or all general funds and/or increases in service fees for selected non-curricular campus-based programs and activities that mainly serve constituents other than enrolled students, with the goal of making such activities as self-supporting as possible (such as intercollegiate athletics, statewide diagnostic laboratory services and centers, and selective cultural activities).

--Propose strategic cuts in on-campus academic programs as necessary to achieve the budget reduction targets, focusing especially on high cost programs that serve relatively few students and on programs that may be duplicative.

--Propose internal budgetary allocations that will protect existing and/or create expanded revenue streams for University General Funds.

APPENDIX D – Principles

Considerations relevant to decisions about reductions in GEF spending

A. Considerations especially relevant in recommending spending reductions for particular programs or activities

1. *Centrality of the program or activity.* Teaching and research are the core missions of the University and of central importance to the University. Our ability to maintain a program of high quality education in a residential environment is a core consideration in any discussion of spending reductions. Similarly, we must maintain high quality faculty research. While service and outreach are important, externally-oriented service that is not directly linked to our core educational mission is less central than other activities.

2. *Program quality, uniqueness, and importance to culture of the University.* The high quality of programs or activities, their uniqueness (e.g. the extent to which they give us distinctiveness as an institution), and their importance to the educational/intellectual/social culture of the University are also important factors to be considered in decisions about where to reduce funding.

3. *Availability of external funding.*

a. In making budget reductions, the availability of alternative external funding for various programs should be considered. Programs that can support themselves by securing contributions, seeking grants, or charging fees (insofar as those fees do not simply come out of other units' GEF budgets) might be expected to absorb larger budget reductions than other programs.

b. At the same time, if a program or activity is asked to take on a larger part of the burden of funding itself, it should be given significant support in developing a plan for reaching that goal. The UI Foundation should be asked especially to provide assistance and fundraising opportunity for programs that are asked to raise private support. The Foundation should be flexible enough in its policies and practices to provide assistance for programs that may not previously have participated in Foundation activities.

c. Phasing in reductions over a 2-3 year period may be appropriate for units that are asked to find more of their own support.

4. *GEF revenue generation by the program or activity.* To the extent that a program or activity generates GEF revenue, that should be a consideration in evaluating the wisdom of reducing GEF allocations to that program.

5. *Non-allocated costs.* In addition to the GEF allocation made to a program or activity, that activity may impose costs on other GEF units. For instance, many programs occupy space that is maintained by the University; the cost of utilities, maintenance, cleaning, etc is ordinarily born by the GEF, but not by the particular unit involved. We should recognize that these costs are real

costs imposed by programs on the GEF, even when the GEF allocation is not large.

B. Considerations More Broadly Relevant

6. *Equity.* Sacrifices should be fair and widespread.

7. *Diversity.* Our commitment to being a diverse and inclusive institution should not be compromised as we consider budget reductions. Our budget priorities should reflect our core value to form a richly diverse and intellectually stimulating community. Adversely impacting our diversity efforts on campus ultimately weakens our institution of higher learning.

8. *Effectiveness.* Recommendations for budget cuts should be made with attention to avoiding cost shifting. Recommending that a particular program or unit cut its costs does not do any good if that program or unit simply shifts those cuts by taking steps to impose higher costs on other units (e.g. by raising fees charged to other GEF units)

9. *Service charges may encourage savings.* Where University service units are providing services across campus, the Task Force should consider whether requiring those units to fund themselves with service charges might lead to cost savings.

10. *Structural changes to save costs.* The Task Force should be considering the possibility of cost savings that may be secured by broad policy decisions, including such things as a) consolidation of related services that are provide at multiple points within the University or the Regents institutions; b) hiring freezes or campus-wide furloughs; or c) structural changes in retirement and benefits policies.

